

Report Contents:

| Particulars | Page |
|-----------------------------|------|
| Rating Rationale | 1 |
| Entity Profile | 2 |
| Allied Concern | 2 |
| Business Management | 2 |
| Market Review | 2 |
| Business Analysis | 3 |
| Financial Position Analysis | 3 |
| Banking Relationship | 4 |
| Risk Factor Analysis | 5 |
| Rating Observation | 5 |

| SME Rating | Rating Notch | Outlook | Date of Declaration | Date of Expiration |
|------------|--------------|---------|---------------------|--------------------|
| | WCRSME3 | Stable | 22 August 2023 | 21 August 2024 |

Methodology: SME rating methodology published on the WCRCL website at www.wasocreditrating.com

RATING RATIONALE

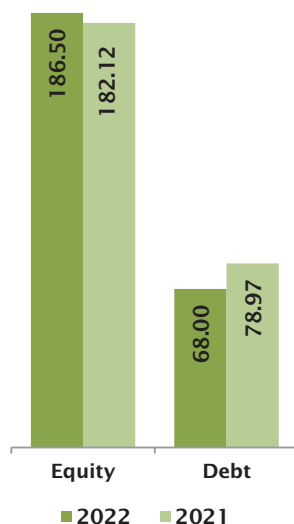
WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small And Medium Enterprise Three) rating under the SME Rating to Finetex (hereinafter referred as "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

Key Snapshot:

Tk. in million

| Particulars | 2022 | 2021 |
|-----------------------|--------|--------|
| Revenue | 215.09 | 316.31 |
| EBIT | 26.92 | 39.87 |
| Net Profit | 21.53 | 32.02 |
| Total Assets | 254.50 | 261.09 |
| Total Equity | 186.50 | 182.12 |
| Debt | 68.00 | 78.97 |
| Net Profit Margin (%) | 10.0 | 10.1 |
| CCC (Days) | 204 | 144 |
| ICR (X) | 4.99 | 5.08 |

Capital Structure (BDT. in million)



The above rating has been reaffirmed based on the fundamentals of the enterprise which includes:

- Long business experience of the proprietor in the business.
- Good business network
- Owned business premises and storage facility
- Low levered capital structure
- Satisfactory banking relationship
- Good mortgage security coverage against loan

However, the above rating has been moderated to some extent due to some factors like:

- Low disclosure in the financial statements.
- Tight liquidity position considering long cash conversion cycle
- Manual accounting system

The SME rating implies that the enterprise is adjudged to above average credit quality.

WCRCL also viewed the enterprise with "Stable" outlook and believes that FINETEX will be able to maintain its good fundamentals in the foreseeable future.

This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and changes in any macro and micro factors in the economy.

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